

Mount Polley mine months ahead of schedule

The Sun May 24/97

CEO Pierre Lebel says the company has not cut any corners to achieve this result.

ROD NUTT

Sun Business Reporter

Imperial Metals Corp. will complete the Mount Polley gold-copper mine within weeks, the company's president and chief executive officer said Friday.

"We are a full five months ahead of schedule and expect to be at least \$5 million under budget," Pierre Lebel told shareholders. "Equally important, we have not cut any corners to achieve this result."

Final capital cost of the mine will be about \$123 million.

Mount Polley, in south central British Columbia 56 km northeast of Williams Lake, is 55-per-cent owned by Imperial Metals and 45 per cent by Sumitomo

Corp. of Japan.

The Japanese trading house will market the copper and gold.

Mount Polley, one of only three mines currently under development in B.C., will produce about 100,000 ounces of gold and 24 million pounds of copper a year in the first four years of production.

Average production over its 12-year mine life will be 71,500 ounces of gold and 29 million pounds of copper a year. The deposit contains 1.1 million ounces of gold and 544 million pounds of copper.

Two other mines are currently under construction in this province.

Princeton Mining Corp. is developing the \$137-million Huckleberry copper mine near Houston and Royal Oak Mines Ltd. is constructing the Kemess gold-copper mine 240 km northeast of Smithers.

Imperial earned \$2.2 million, or four

cents a share, in the first quarter compared with \$5.4 million or nine cents a share in the year-earlier three months.

Revenues declined to \$466,000 from \$3.7 million.

The company recorded an operating loss of \$206,000 in the quarter ended March 31, 1997.

Lebel said the reduction in revenues and operating income was due to the termination of mining and mill operations at the Goldstream mine on Jan. 31.

In a full year, Imperial Metals' 55-per-cent stake in Mount Polley will provide the company with about \$7 million in pre-tax profit and \$14 million in cash flow based on copper at \$1.15 US a pound and a gold price of \$345 US an ounce.

Imperial Metals (TSE: IPM) closed Friday up nine cents at \$2.38 on volume of 50,000 shares.

SB

MINING

YCS -> Mount Polley

Clearance to work copper-gold site boost for Cariboo

ROD NUTT

Sun Business Reporter

Vancouver-based Imperial Metals Corp. said it will develop a \$150-million copper-gold deposit near Williams Lake in the Cariboo.

"This is positive news for B.C.'s mining industry and the supply companies in the Cariboo region," Mines Minister Anne Edwards said at a news conference Wednesday. "This new mine coming on-stream means we are moving to create new jobs and bring new investment to this important sector of the provincial economy."

The government has already issued a mine development certificate covering the open pit, processing plant, water supply, tailings pond and a power transmission line to the property.

Edwards said concerns regarding the use of water from Polley Lake were given extra study and assessment by both the company and key government agencies to ensure "the valuable recreational fisheries resources were adequately protected."

It's the first major minerals development certificate issued by the year-old New Democratic Party government, said energy, mines official Susan Thomas.

The Mount Polley project calls for a 13,700 tonne-per-day open-pit copper-gold mine.

"If the world ever comes out of recession the outlook for copper is bright," said Odium Brown mining analyst Jim Bartlett. "But at the current copper price the mine is marginal."

Imperial is a relatively small company faced with raising the capital to

develop the mine.

Imperial president Pierre Lebel said it intends to raise the capital through a mix of debt and equity.

"We are considering rolling Mount Polley into a separately traded company," Lebel said. "We would separate it from Imperial's other businesses so investors would buy a call on the price of copper and gold and not other metals."

He said the capital would likely be two-thirds debt and one-third equity and construction could begin in the spring of 1993 at the earliest. Production would begin in 1995.

But Odium Brown president and chief executive officer Tony Hepburn said raising money for a copper-gold venture may prove difficult.

"The company has a lot of shares outstanding with a price in the 37- to 47-cent range," said Hepburn. "It will be difficult to raise the capital."

If successful, permanent employment will start at 162 jobs in year one, increasing to 229 by year seven. The construction workforce will peak at 200.

"This is good news for the economy and it also shows the rest of the province that the mining industry is alive and well in the Cariboo," said Cariboo North MLA Frank Garden.

Mount Polley, 56 km northeast of Williams Lake, will produce 30 million pounds of copper and 100,000 ounces of gold a year for a projected 10 years. Exploration could firm up additional reserves and extend the life of the mine.

Imperial Metals hired Fluor Daniel Wright Engineers to complete the feasibility study.

Mining projects to cost Imperial

Business Reporter

Imperial Metals Corp. and its affiliates face capital outlays of \$160-\$190 million for mine projects now being explored and developed. Metals chairman Hugh Morris said yesterday.

Of that amount, between \$40 million and \$50 million would probably be in the form of equity capital. And, Morris said, having raised \$30 million in equity since 1987, the Imperial group should have no difficulty in raising the remainder.

In a show-and-tell presentation to brokers and investors, Morris described progress at the Mount Polley copper-gold deposit north of

Kamloops (the Imperial group has 62 per cent interest and Corona Corp. has 38 per cent).

A construction start is slated for late next spring on a plant to handle a projected 15,000 tons of ore per day, turning out an estimated 100,000 ounces of gold annually in the first five years of operation.

Mineable reserves at the property are estimated at 53 million tons grading 0.44 per cent copper and 0.017 oz. gold per ton.

The Imperial group's other interests include the Crow Butte uranium property in Nebraska (65 per cent interest); the Porcher Island gold property near Prince Rupert, owned by affiliate Cathedral Gold Corp.; and the Parys Mountain base metal property in

Wales held by 34.4 per cent-owned Anglesey Mining plc.

Another affiliate, Colony Pacific Explorations Ltd., is exploring the Blue Moon property in Mariposa County, Calif., where confirmed ore reserves are put at 3.8 million tons grading 7.87 per cent zinc, 1.09 per cent copper, 0.46 per cent lead, and 2.44 oz. silver and 0.051 oz. gold per ton.

Cathedral Gold yesterday said it will carry out a three-month underground exploration and development program on Porcher Island to test the main gold bearing vein in the AT Zone.

Reserves in this zone are currently put at 1.5 million tons grading 0.20 oz. gold per ton.

FCC official lands prize for clipper

Business Reporter

John Hards, wood products technical development manager at Fletcher Challenge Canada Ltd., has won a \$5,000 prize for his invention of an improved system for cutting plywood veneer.

The award was one of two innovation prizes presented this year by the Manning Awards Foundation, which is named for former Alberta premier Ernest C. Manning.

Hards said his patented design for a computer-controlled veneer

Prime Resources to claim Calpine with share swap

Business Reporter

Prime Resources Corp. is poised to swallow Calpine Resources Inc., one of the Vancouver Stock Exchange's hottest exploration stocks.

Prime and Calpine announced a proposed share exchange under which Prime will boost its 33.6 per cent stake in Calpine to 100 per cent.

Calpine's claim to fame is its 50 per cent stake in the Eskay Creek gold project in northwestern B.C., which it holds jointly with Stikine Resources Ltd.

"Calpine has ... an important discovery and we feel that under the Prime roof it will be better able to finance its activities," Prime president John Ivany said yesterday.

Corona Corp. with about 16 mil-

Johnny Mountain mine reduces Skyline loss

Business Reporter

Lower production costs at its Johnny Mountain gold mine enabled Skyline Gold Corp. to reduce its loss in the quarter ended July 31 to \$347,000 from \$1,135,000 in the prior three months.

The company has reported that production costs in the latest period were \$202 US per ounce of gold and gold equivalents. Cash flow improved to \$817,000 from \$210,000 in the preceding quarter.

Johnny Mountain, the only gold producer in the Iskut River region of northwestern B.C.,

began commercial production in November 1988.

In the latest quarter, the mine produced 12,167 ounces of gold, 19,832 ounces of silver and 361,631 pounds of copper.

Chairman Ronald Shon said the company is installing a re-grind mill which will increase production capacity and gold recovery, and have a substantial positive impact on cash flow.

Skyline is also negotiating a private placement of up to \$9.6 million in convertible redeemable debentures. It will use the proceeds to increase working capital, increase mine capacity and replace other higher-cost debt.

IN LOVING MEMORY ZAKI YEHIA 1925-1989

Zaki Yehia died peacefully on September 23, 1989. He is survived by his loving wife, Rosette, and four sons who loved and admired him. At his death, he was the Chairman of National Glass Ltd., a company he founded thirty years ago which today is one of the largest manufacturers and distributors of glass products in Canada. He was a loving husband, a caring and compassionate father and grandfather, a brother and friend, and a respected employer and colleague. He shall be sorely missed. But he lives on in the hearts of those who knew and loved him.

"Well is it with the man that dealeth graciously, and that ordereth his affairs rightfully, for he shall never be moved. The righteous shall be held in everlasting remembrance . . ."
Psalm 112:5-6

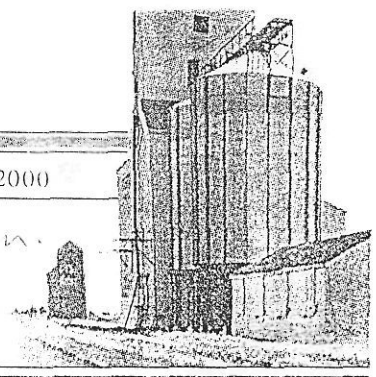
In lieu of flowers, a donation may be made to a memorial fund established at Beth Israel Synagogue, 4350 Oak Street, Vancouver, British Columbia V6H 2N4

CUBIC CHANGE

The designer of the office cubicle has created a new concept. Page D6

GRAIN PAIN

CWB demands that Vancouver grain terminals be forced to unload grain. Page D3



Mines revive as copper climbs

B.C. mining industry pleased as tumbling inventories and rising demand push the price of the metal to about 90 cents US a pound.

By ROD NUTT

Copper prices — at their highest levels in two years — are breathing life into an industry that was threatened with extinction just months ago.

Plummeting inventories and increasing demand have pushed up the price of copper to about 90 cents US a pound

from 61 cents two years ago. Revenues at Highland Valley Copper, B.C.'s biggest copper mine, increase by about \$5 million for every one cent rise in the price.

"We're really pleased with the stability of the price of copper," Highland Valley superintendent for safety and public affairs

Trevor Phelps said. "The usual third-quarter slowdown in consumption didn't happen, resulting in a decline in London Metal Exchange inventories."

"This year, Highland Valley Copper near Kamloops will produce about 400,000 tonnes of copper, or more than one million pounds a day.

About a year ago, Highland Valley was negotiating with the B.C. government's jobs protection commissioner for breaks on power rates and taxes in an effort to reopen the mine after a labor dispute.

Highland Valley is owned by Cominco Ltd., Teck Corp. and Rio Algom.

"Copper inventories have been declining through the summer, which is normally a slow period," said IPO Capital

partner Dorothy Atkinson. "There's a lot of demand, especially from Asia."

The copper market is expected to be in a small deficit this year and to flirt with small deficits in 2001 and 2002.

As a result, prices are expected to hold steady during the next two years.

Atkinson said the current price levels represent a healthy oper-

SEE COPPER, D2

Many mines benefiting from rise

ating margin for most producers and will likely spark a consolidation in the industry.

"Both Billiton and Noranda are bidding for Rio Algom and I expect more consolidation."

U.S.-based Phelps Dodge has offered \$1.8 billion US for Cyprus Amax, also of the U.S., and Grupo Mexico of Mexico has made a \$1.2 billion US bid for Asarco of the U.S.

"Major factors for the higher price are the strong North American economy and the re-

covery in Asia," said David Duval, a Vancouver mining consultant and former technical adviser to the United.

Pacific International Securities analyst Richard Elbl said London Metal Exchange inventories have been falling rapidly.

"Copper consumption is up six per cent over a year earlier whereas production is only 2.5 per cent higher year-over-year," he said.

LME stockpiles, about 800,000 tonnes in September

1999, are now down to about 445,000 tonnes, and falling.

Other B.C. mines benefiting from the higher price are Imperial Metals Corp.'s Mount Polley mine near Williams Lake and Huckleberry mine near Smithers, and Northgate Exploration Ltd.'s Kemess mine north of Mackenzie.

Imperial's operating income increases by \$680,000 for every one cent rise in the price of copper.

"Both Huckleberry and

Mount Polley are healthy mines on an operating basis," Imperial Metals president Pierre Lebel said. "But they still carry debt that has to be serviced."

Huckleberry and Mount Polley kept operating last year with help from the jobs protection commissioner.

A 10-per-cent rise in the price of copper increases the Kemess mine's operating income by \$6 million, based on an average annual production of 55 million pounds of copper and a copper

price of 80 cents US a pound.

Gibraltar Mines at McLeese Lake north of Williams Lake plans to reopen early next year, according to Bruce Jenkins, the director of government affairs at parent Taseko Mines.

"We're taking start initiatives and if the copper price holds up, Gibraltar should reopen in the first quarter of next year," he said.

The mine closed two years ago.

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The Sun
June 15/95

MINING DEVELOPMENT

Imperial to make fall call on Mount Polley

ROD NUTT
Sun Business Reporter

Imperial Metals will make a decision on the development of its Mount Polley copper-gold deposit near Williams Lake by the beginning of September, the company's president said Wednesday.

"We started drilling our final test hole today and we should know the result by late July or early August," Pierre Lebel told shareholders.

Mount Polley — with geological reserves valued in excess of \$3 billion — would be the first new copper mine in B.C. in more than a decade.

Imperial Metals completed a merger with Bethlehem Resources on Feb. 27, providing the company with a 50-per-cent stake in the Goldstream copper-zinc mine near Revelstoke and two copper-gold properties with defined reserves in B.C. and one gold property in El Salvador.

The merger also gives Imperial the operating experience to develop Mount Polley as a 15,000-tonne-a-day copper-gold deposit.

"We have assembled a very experienced design,

Results of final geological test expected by August

construction and mine operating team for the Mount Polley project, drawing extensively on personnel from Bethlehem Resources," Lebel said. "Imperial and Bethlehem are now fully integrated as one company."

He said Mount Polley will significantly increase Imperial's exposure to both copper and gold.

"Currently, we produce for our account approximately 15 million pounds of copper and two million pounds of zinc per year with some gold coming from our 10-per-cent interest in the Sterling mine near Beatty, Nevada," Lebel said. "Mount Polley will increase copper production by just over 20 million pounds and our share of gold production will be in the order of 45,000 ounces per year."

Sumitomo Corp. of Japan has agreed to acquire a 35-per-cent interest in Mount Polley by providing in excess of \$85 million of project expenditures through a combination of project-debt financing

to Imperial, cost sharing of payments and earn-in expenditures.

Imperial will operate and retain a 65-per-cent joint-venture participating interest.

Mount Polley will cost an estimated \$102 million to develop.

"We plan to build a major mining company," Lebel told shareholders. "But don't get the wrong impression. With management owning 45 per cent of the company, we are not doing it for the sake of building a large mining company. We are doing it to create shareholder value."

Vancouver-based Imperial Metals will generate revenues of \$25 million and earnings of \$2.5 million in 1995, Lebel said. The projected revenues and earnings are based on a copper price of \$1.25 US a pound, gold at \$375 US an ounce and a 72-cent Canadian dollar versus its U.S. counterpart.

"This level of earnings and cash flow should be sustainable through 1996," Lebel told shareholders.

Net income remained flat in the first quarter of 1995 at \$875,000.